

FIXED ASSET POLICY

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DATE ADOPTED:	<u>January 22, 2008</u>
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As approved by the Board of Supervisors, effective January 22, 2008, the threshold for capitalization of fixed assets is increased from \$500 to \$5,000. This policy is being established to provide guidance for fixed asset accounting and safeguarding.

This policy is not designed to be inclusive of all situations involving acquisitions and recordkeeping of County fixed assets. It is intended as a guide for proper fixed asset management. The Auditor-Controller will make determination in unique circumstances, applying consistency and appropriate guidelines in the decision process.

POLICY

The Auditor-Controller is responsible to accurately account for and report all capitalized fixed assets in accordance with federal, state, and local guidelines for fixed asset accounting and financial reporting.

The Board of Supervisors and the Auditor-Controller are responsible to develop a system of recordkeeping that will safeguard all County fixed assets from loss or misuse.

Individual County Departments are responsible for safeguarding and properly accounting for all fixed assets within their care, **regardless of whether they fall within the capitalization threshold.**

Central Services is responsible to work with each department to setup, maintain, and control a system of inventory for items under and within the capitalization threshold as recommended by the Auditor-Controller and approved by the Board of Supervisors.

Definitions:

Fixed Assets:

Tangible assets with a value of at least \$500 and/or has an expected useful life of at least three (3) years or more.

Capital Assets to be Capitalized:

Land

All land, except land acquired for street and road purposes, is a fixed asset regardless of cost. Include in Land, all costs to bring the land into condition to commence erection of structures.

Buildings and Improvements

Original projects with a value of at least \$5,000.

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Buildings should be capitalized at their purchase price or the costs of construction, including professional fees and permits.

Betterments (those that extend the useful life) of existing structures costing at least \$5,000, i.e. roof, air conditioning/heating systems, renovation projects. Normal routine building maintenance will be expensed during the fiscal year.

Infrastructure

Original projects with a value of at least \$50,000.

Betterments (those that extend the useful life) of existing infrastructure costing at least \$50,000. Betterments shall include such projects as road overlays, reconstruction, bridge and culvert replacement. Normal routine maintenance such as patching, chip seals and road damage repairs will be expensed during the fiscal year.

Equipment

Equipment with a value of at least \$5,000.

Major repairs, costing over \$5,000, which extend the life of an asset.

Capital Assets – Equipment Inventory Items:

All fixed assets of value of \$500 or more and/or an expected useful life of at least (3) years or more.

All fixed assets, regardless of the threshold, that are required to be accounted for by virtue of federal or state reporting requirements, i.e. grants, awards with fixed asset criteria in conflict with County policy.

Departments:

1. Shall budget for fixed asset items in the following manner:
 - Fixed assets meeting the capitalization threshold –
Account numbers 57101 – 57199
 - Fixed assets under the capitalization threshold –
Account numbers 57001 – 57099
2. Shall tag all fixed assets with the appropriate county inventory tagging mechanism.

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3. Shall submit a signed Fixed Asset Inventory Adjustment Request with all fixed assets payment requests, including new lease purchases.
4. Shall account for all fixed asset inventory items on a departmental fixed asset inventory list.
5. Shall review preliminary fixed asset inventory listing prepared by Central Services, make all necessary corrections and return to Central Services.
6. Shall file with the Office of the Clerk-Recorder an inventory listing on or before the thirty-first day of August of each year, signed under oath, showing all County-owned property in the Department Head's possession or his/her charge at the close of business on the thirtieth day of June as per County Policy #201 – Annual Inventory of County Property.
7. Shall make Inventory listings available for audit at any time.

Central Services:

1. Shall maintain a detailed listing of fixed assets.
2. Shall submit a preliminary listing of fixed assets to each department by May 31st of each year for their review and update.
3. Shall submit a final inventory listing by July 31st of all fixed assets to each department including fixed asset purchases accrued to the prior June 30th fiscal year end for verification, update and signature. This listing is to be returned to the Clerk-Recorder by August 31st signed by the Department Head as outlined above.
4. Shall maintain records and listings for Auditor-Controller and external independent auditor review and for financial reporting purposes.

Auditor-Controller:

1. Shall accurately account for and report all capitalized fixed assets in accordance with federal, state, and local guidelines for fixed asset accounting and financial reporting.
2. Shall make determination regarding capitalization policy and proper classification of fixed assets.
3. Shall develop a system of recordkeeping that will safeguard all County fixed assets from loss or misuse.
4. Shall make recommendations for safeguarding all County fixed assets.

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Board of Supervisors:

1. Shall approve the County Fixed Asset Policy.
2. Shall make recommendations for safeguarding all County fixed assets.
3. Shall hold departments responsible for safeguarding all County fixed assets.